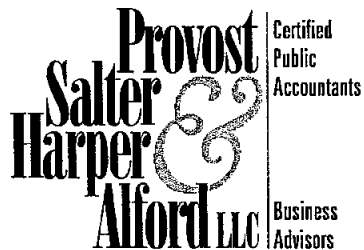


**CITY OF PORT ALLEN,
LOUISIANA**

FINANCIAL REPORT

June 30, 2014



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CITY OF PORT ALLEN, LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Port Allen, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Port Allen, Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Port Allen, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of Port Allen, Louisiana's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City's discretely presented component unit, the City Court of Port Allen, which represents 2%, 4% and 4%, respectively, of the assets, net position and revenues of the City of Port Allen, Louisiana. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City Court of Port Allen, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Port Allen, Louisiana as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-17 and budgetary comparison information and the funding progress for other postemployment benefits on pages 63-72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Port Allen, Louisiana's basic financial statements. The combining and individual non-major fund financial statements, schedule of compensation paid to the City Council, schedule of insurance in force, the schedule of statistical data, as required by the bond indenture, and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of compensation paid to the City Council, schedule of insurance in force, the schedule of statistical data, as required by the bond indenture, and schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2015 on our consideration of the City of Port Allen's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Port Allen's internal control over financial reporting and compliance.

PROVOST, SALTER, HARPER & ALFORD, LLC


January 27, 2015

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2014

We offer readers of the City of Port Allen's financial statements this narrative overview and analysis of the financial activities of the City of Port Allen for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the basic financial statements, which follow this section.

Financial Highlights

Key financial highlights for the 2014 fiscal year include the following:

- The assets of the City of Port Allen exceeded its liabilities at the close of the most recent fiscal year by \$15,918,465 (net position). Of this amount, \$4,752,194 (unrestricted net position) may be used to meet the government's current obligations to citizens and creditors.
- The total net position of the City of Port Allen increased by \$146,766 for the year ended June 30, 2014. Net position of governmental activities increased by \$3,306 and net position of business-type activities increased by \$143,460.
- As of the close of the current fiscal year, the City of Port Allen's governmental funds reported combined ending fund balance of \$8,728,634, a decrease of \$131,090 in comparison with the prior fiscal year. The majority of this fund balance is comprised of approximately \$6.5 million for the General Fund, \$.4 million for the Capital Improvements Fund, \$.3 million for the Municipal Complex Debt Service Fund and \$1.3 million for the Port Allen Fire Subdistrict No. 3.
- At the end of the current fiscal year, the unreserved and undesignated fund balance for the General Fund was \$3,969,221, or 69% of total General Fund expenditures.
- During the fiscal year, the City's long term debt decreased by \$383,259 due to (1) payment of \$88,000 to the Department of Environmental Quality Revolving Loan Fund, (2) repayment of \$185,000 on bonds issued for the new fire station, (3) an overall decrease of \$179,673 in the estimated long term compensated absences and (4) an overall increase of \$69,414 in the estimated liability for post employment benefit obligations.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2014

Overview of the Financial Statements

This MD&A is intended to serve as an introduction to the City of Port Allen's basic financial statements. The City of Port Allen's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Port Allen's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City of Port Allen's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Port Allen is improving or deteriorating.

The Statement of Activities presents information showing how the City of Port Allen's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The Statement of Net Position and the Statement of Activities distinguish functions of the City of Port Allen that are principally supported by taxes, intergovernmental revenues, and charges for services (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City of Port Allen's governmental activities include general government, public safety, roads and drainage, sanitation, culture, welfare and City Court. The business-type activities of the City of Port Allen include water, gas and sewerage.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2014

Not only do the government-wide financial statements include the City of Port Allen itself, which is the primary government, but also its component unit, The City Court of Port Allen. Although the component unit is legally separate, its operational or financial relationship with the City of Port Allen makes the City of Port Allen financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Port Allen, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Port Allen can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

City of Port Allen, Louisiana
Management's Discussion and Analysis

June 30, 2014

The City of Port Allen maintains eight individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and Port Allen Fire Subdistrict Number 3, which are considered to be major funds. Data for the other six governmental funds, namely, the Low Income Housing Fund, the Louisiana Community Development Block Grant Fund, the Capital improvements Fund, the Riverfront Fund, the Municipal Complex Debt Service Fund, and the Fire Station Project Debt Service Fund are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Port Allen adopts an annual appropriated budget for its governmental funds. Budgetary comparison schedules have been provided for certain of these funds to demonstrate compliance with these budgets.

Proprietary funds. There are two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the water, gas, and sewerage activities of the City, which are presented as business-type activities in the government-wide financial statements. The City of Port Allen uses two enterprise funds – one to account for its water and gas services, and one to account for its sewer services. The City of Port Allen has no internal service funds.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. Proprietary fund financial statements provide separate information for the water and gas and sewerage operations, which are considered to be major funds of City of Port Allen.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Port Allen's compliance with budgets for its major funds.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on budgetary comparisons.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2014

Financial Analysis of Government-wide Activities

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Port Allen assets exceed liabilities by \$15,918,465 at the close of the most recent fiscal year.

A large portion of the City of Port Allen's net position (35 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Port Allen uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Port Allen's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Port Allen's Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and other assets	\$ 9,429,194	\$ 9,722,663	\$ 2,292,282	\$ 2,151,199	\$ 11,721,476	\$ 11,873,862
Restricted assets	597,039	599,225	386,417	382,101	983,456	981,326
Capital assets	7,900,294	8,069,613	4,553,565	4,590,226	12,453,859	12,659,839
Total assets	<u>17,926,527</u>	<u>18,391,501</u>	<u>7,232,264</u>	<u>7,123,526</u>	<u>25,158,791</u>	<u>25,515,027</u>
Current and other liabilities	1,165,145	1,313,347	605,765	576,307	1,770,910	1,889,654
Long-term liabilities	5,646,703	5,966,781	1,822,713	1,886,893	7,469,416	7,853,674
Total liabilities	<u>6,811,848</u>	<u>7,280,128</u>	<u>2,428,478</u>	<u>2,463,200</u>	<u>9,240,326</u>	<u>9,743,328</u>
Net position:						
Invested in capital assets, net of related debt	2,590,294	2,574,613	2,916,565	2,865,226	5,506,859	5,439,839
Restricted	4,759,412	5,247,374	900,000	900,000	5,659,412	6,147,374
Unrestricted	3,764,973	3,289,386	987,221	895,100	4,752,194	4,184,486
Total net position	<u>\$ 11,114,679</u>	<u>\$ 11,111,373</u>	<u>\$ 4,803,786</u>	<u>\$ 4,660,326</u>	<u>\$ 15,918,465</u>	<u>\$ 15,771,699</u>

The balance of unrestricted net position of \$4,752,194 is used to meet the City of Port Allen's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Port Allen is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

City of Port Allen, Louisiana
Management's Discussion and Analysis

June 30, 2014

The City of Port Allen's net position increased by \$146,766 during the current fiscal year. The following is a summary of the City of Port Allen's changes in net position.

City of Port Allen's Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues						
Program revenues:						
Charges for services	\$ 481,535	\$ 851,041	\$ 2,396,202	\$ 2,103,432	\$ 2,877,737	\$ 2,954,473
Grants and contributions	631,375	616,877	98,409	138,241	729,784	755,118
General revenues:						
Property taxes	547,108	546,417	-	-	547,108	546,417
Franchise taxes	364,047	307,481	-	-	364,047	307,481
Intergovernmental revenues	4,435,156	4,177,934	-	-	4,435,156	4,177,934
Investment earnings	67,782	(46,511)	665	2,129	68,447	(44,382)
Other	419,582	49,923	23,256	16,775	442,838	66,698
Total revenues	<u>6,946,585</u>	<u>6,503,162</u>	<u>2,518,532</u>	<u>2,260,577</u>	<u>9,465,117</u>	<u>8,763,739</u>
Expenses						
General Government	1,045,858	1,116,060	-	-	1,045,858	1,116,060
Public Safety	3,076,014	3,094,852	-	-	3,076,014	3,094,852
Roads and Drainage	1,243,140	864,443	-	-	1,243,140	864,443
Depot Welcoming Center	44,211	10,762	-	-	44,211	10,762
Sanitation	509,339	563,413	-	-	509,339	563,413
Animal Control	32,834	30,363	-	-	32,834	30,363
Welfare	591,480	600,465	-	-	591,480	600,465
Community Development	51,095	16,267	-	-	51,095	16,267
Fleet Maintenance	90,476	117,986	-	-	90,476	117,986
Debt Service	252,575	260,061	-	-	252,575	260,061
Water, Sewage and Gas	-	-	2,381,329	2,166,066	2,381,329	2,166,066
Total expenses	<u>6,937,022</u>	<u>6,674,672</u>	<u>2,381,329</u>	<u>2,166,066</u>	<u>9,318,351</u>	<u>8,840,738</u>
Increase (decrease) before transfers	9,563	(171,510)	137,203	94,511	146,766	(76,999)
Transfers in (out)	(6,257)	(3,971)	6,257	3,971	-	-
Net increase (decrease)	<u>3,306</u>	<u>(175,481)</u>	<u>143,460</u>	<u>98,482</u>	<u>146,766</u>	<u>(76,999)</u>
Net position - beginning	<u>11,111,373</u>	<u>11,286,854</u>	<u>4,660,326</u>	<u>4,561,844</u>	<u>15,771,699</u>	<u>15,848,698</u>
Net position at end of year	<u>\$ 11,114,679</u>	<u>\$ 11,111,373</u>	<u>\$ 4,803,786</u>	<u>\$ 4,660,326</u>	<u>\$ 15,918,465</u>	<u>\$ 15,771,699</u>

City of Port Allen, Louisiana
Management's Discussion and Analysis
June 30, 2014

Governmental Activities

Revenues for the City of Port Allen's governmental activities for the year ended June 30, 2014 were \$6,946,585 compared to \$6,503,162 in the year ended June 30, 2013.

- Sales taxes increased by \$185,763. Sales taxes are 58% of total revenues.

Business-type activities

The business-type activities of the City are those for which the City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's Water & Gas and Sewer funds are addressed here.

- Charges for services for the City's business-type activities were \$2,396,202, an increase of \$292,770, mainly as a result of increased sales of natural gas.
- The City's business-type activities resulted in a total operating income of \$55,936.
- The water fund operating loss decreased by \$112,663 as a result of increased sales of natural gas, while sewer operating income decreased by \$27,431 primarily due to an increase in depreciation expense.

City of Port Allen, Louisiana

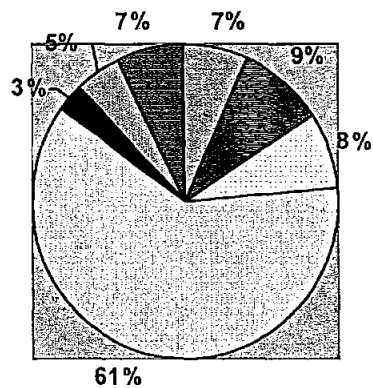
Management's Discussion and Analysis

June 30, 2014

Total Governmental Activities Revenues

	<u>Amount</u>	<u>Percentage</u>
Charges for services	\$ 481,535	7%
Grants and contributions	631,375	9%
Property taxes	547,108	8%
Intergovernmental:		
Sales taxes	4,209,860	61%
Other	225,296	3%
Franchise taxes	364,047	5%
Other	487,364	7%
 Total governmental activities revenues	 <u><u>\$ 6,946,585</u></u>	 <u><u>100%</u></u>

Revenues



	Charges for services
	Grants & Contributions
	Property Taxes
	Intergovernmental - Sales Tax
	Intergovernmental - Other
	Franchise Taxes
	Other

City of Port Allen, Louisiana

Management's Discussion and Analysis

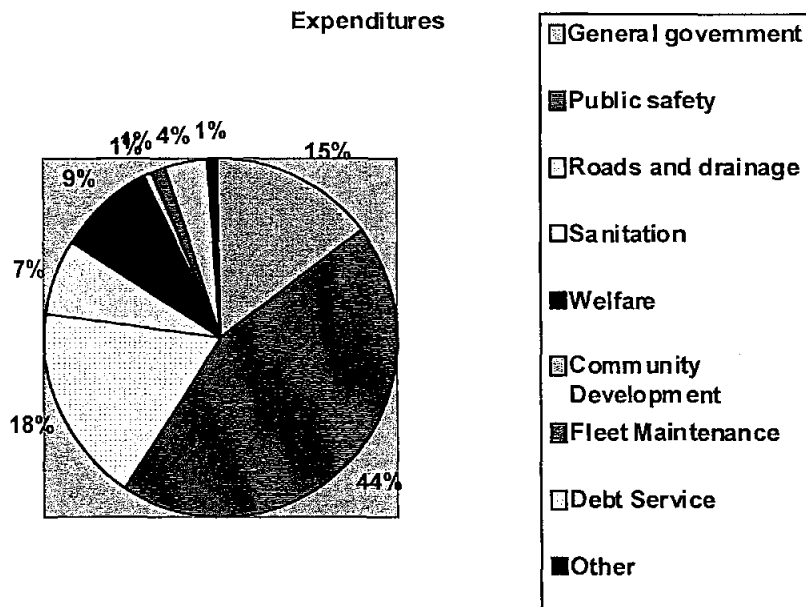
June 30, 2014

Total Governmental Activities Expenditures

The cost of all governmental activities this year was \$6,937,022, an increase of \$262,350. Key factors for the increase were: (1) \$70,202 decrease in general government, (2) \$18,838 decrease in public safety, (3) \$378,697 increase in roads and drainage, (4) \$54,074 decrease in sanitation, (5) \$8,985 decrease in welfare and (6) \$34,828 increase in community development expenses.

	Amount	Percentage
General government	\$ 1,045,858	15%
Public safety	3,076,014	44%
Roads and drainage	1,243,140	18%
Sanitation	509,339	7%
Welfare	591,480	9%
Community Development	51,095	1%
Fleet Maintenance	90,476	1%
Debt Service	252,575	4%
Other	77,045	1%
Total governmental activities expenditures	<u>\$ 6,937,022</u>	<u>100%</u>

The City of Port Allen's largest governmental activity is public safety. The graph below shows the expenses generated by all governmental activities:



City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2014

Financial Analysis of the City of Port Allen's Funds

Governmental Funds

As noted earlier, the City of Port Allen uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City of Port Allen's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Port Allen's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

- As of the close of the current fiscal year, the City of Port Allen's governmental funds reported a combined ending fund balance of \$8,728,634, a decrease of \$131,090 in comparison with the prior fiscal year. Of this amount, \$3,969,221 or 45% was unassigned and available for spending. \$4,759,413 or 55% was non-spendable, restricted or committed to indicate that it is not available for new spending.
- The General Fund is the chief operating fund of the City of Port Allen. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,969,221. That amount is unassigned and is available for spending at the City Council's discretion. The total fund balance of the City of Port Allen's General Fund increased by \$370,014.
- The fund entitled "Port Allen Fire Subdistrict Number 3" accounts for fire and emergency activities. At the end of the current fiscal year, restricted fund balance of the Fund was \$1,270,849, a decrease of \$197,064.
- The Capital Improvements Fund accumulates monies for future capital outlays, as decided upon by the City's management and approved by the City Council. At the end of the current fiscal year, the fund balance of this fund was \$374,197, a decrease of \$340,298. All of this balance is committed for capital improvements.
- The Low Income Housing Assistance Fund accounts for all receipts and expenditures of funds received from the U.S. Department of Housing and Urban Development for rental assistance to low income citizens who qualify. At the end of the current fiscal year, the fund balance of this fund was \$44,531 all of which is restricted for housing assistance.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2014

- The Municipal Complex Debt Service Fund is operational through proceeds from debt and transfers from the Capital Improvements Fund of the City. At the end of the current fiscal year, the fund balance of this fund was \$256,932, all of which is restricted for debt service.
- The Fire Station Project Debt Service Fund is operational through proceeds from debt and transfers from the Port Allen Fire Subdistrict Number 3 Fund. At the end of the current fiscal year, the fund balance of this fund was \$235,316, all of which is restricted for debt service.

Proprietary Funds

The Water & Gas Fund and the Sewer Fund net position increased by \$143,460. The prior year increase was \$98,482. The increase primarily occurred because of increased natural gas revenue over cost of sales. We expect there will be an excess in the year ending June 30, 2015.

General Fund Budgetary Highlights

The budget policy of the City of Port Allen complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government budget Act (LSA-R.S. 39:1301 et seq.).

The original budget for the General Fund of the City of Port Allen was adopted on January 8, 2014. Differences between the budget and the actual results of the General Fund are as follows:

Revenues

- General Fund revenues were \$400,556 (8.9%) higher than revised and original budget estimates. Sales tax revenue was the largest contributor to those favorable budget variances.

Expenditures

- Total expenditures were \$33,984 (.6%) lower than the revised budget estimate, primarily due to lower expenditures for roads and drainage than was expected.

City of Port Allen, Louisiana
Management's Discussion and Analysis
June 30, 2014

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of June 30, 2014 amounts to \$12,453,858 (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and structures, furniture and fixtures, equipment and vehicles, the sewer system and wastewater treatment plant, and the water and gas systems. Due to its size, the City of Port Allen is not required to report infrastructure assets acquired before June 30, 2001. However, the City will continue to report new infrastructure assets in the year acquired.

Additional information on the City's capital assets can be found in Note 5 on page 47 through 49 of this financial report.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land and Land improvements	\$ 861,301	\$ 861,301	\$ 23,573	\$ 23,573	\$ 884,874	\$ 884,874
Buildings and structures	5,766,196	5,954,120	162,397	171,461	5,928,593	6,125,581
Furniture and Fixtures	165,513	190,021	7,876	4,410	173,389	194,431
Equipment and vehicles	1,107,283	1,064,171	66,035	69,901	1,173,318	1,134,072
Wastewater treatment plant	-	-	1,753,790	1,809,137	1,753,790	1,809,137
Water System	-	-	1,159,279	1,109,673	1,159,279	1,109,673
Gas System	-	-	162,295	147,117	162,295	147,117
Sewer System	-	-	1,218,320	1,254,954	1,218,320	1,254,954
Total	<u>\$ 7,900,293</u>	<u>\$ 8,069,613</u>	<u>\$ 4,553,565</u>	<u>\$ 4,590,226</u>	<u>\$ 12,453,858</u>	<u>\$ 12,659,839</u>

Major capital asset events during the fiscal year included the following:

- The purchase of 6 new police vehicles for \$217,849.
- The purchase of a new vehicle for the fire department for \$32,575
- The purchase of a new pickup truck for the roads and drainage department and one for the utility department for \$17,226 each.
- The purchase of new computers for the administrative department for \$12,513.

City of Port Allen, Louisiana

Management's Discussion and Analysis

June 30, 2014

Long Term Debt

At the end of the current fiscal year, the City of Port Allen had total debt outstanding of \$7,743,416. Of this amount, \$5,310,000 comprises debt backed by the full faith and credit of the government, \$1,637,000 represents debt secured by specified revenue sources, \$345,888 represents the City's estimated liability for compensated absences, and \$450,528 represents the City's estimated liability for other postemployment benefits. The following table summarizes debt outstanding at June 30, 2014.

Long Term Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue Bonds Payable	\$ 5,310,000	\$ 5,495,000	\$ 1,637,000	\$ 1,725,000	\$ 6,947,000	\$ 7,220,000
Other Post Employment						
Benefit Obligations	347,823	293,903	102,705	87,211	450,528	381,114
Compensated Absences	173,880	362,879	172,008	162,682	345,888	525,561
Total Long Term Debt	<u>\$ 5,831,703</u>	<u>\$ 6,151,782</u>	<u>\$ 1,911,713</u>	<u>\$ 1,974,893</u>	<u>\$ 7,743,416</u>	<u>\$ 8,126,675</u>

During the fiscal year, the City's long term debt decreased by \$383,259 due to (1) repayment of \$88,000 to the Department of Environmental Quality Revolving Loan Fund, (2) repayment of \$185,000 on bonds issued for the new fire station, (3) an overall decrease of \$179,673 in the estimated long term compensated absences and (4) an overall increase of \$69,414 in the estimated liability for post employment benefit obligations.

For additional information regarding capital assets and long-term debt, see the notes to the basic financial statements.

City of Port Allen, Louisiana
Management's Discussion and Analysis

June 30, 2014

New Accounting Pronouncement Implemented

The City adopted the following recently issued GASB Standards in the preparation of this Annual Financial Report:

The City adopted GASB Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62." The adoption of GASB 66 did not require any changes to the financial statements of the City.

The City also adopted GASB Statement No. 65 – "Items Previously Reported as Assets and Liabilities". Under GASB Statement 65, debt issuance costs, except any portion related to prepaid insurance costs, are recognized as expense in the period incurred. The adoption of GASB 65 did not require any changes to the financial statements of the City.

Economic Factors and Next Year's Budgets and Rates

The following economic factors were considered when the budget for fiscal year 2015 was presented to the Council:

- For the year ending June 30, 2015, the City of Port Allen has projected an increase in sales tax revenues of \$75,500 or 3.0% over the budget for FY 2014, and an overall increase in general fund revenues of \$95,205 or 1.3%. This budget should provide the City with a projected deficit and decrease in fund balance of approximately \$38,690.
- Budgeted expenditures are expected to decrease by \$782,179 from the prior fiscal year. The majority of the decrease is because of the fire district has been transferred to the Parish of West Baton Rouge.

Requests for Information

This financial report is designed to provide a general overview of the City of Port Allen's finances for all those with an interest in the City of Port Allen's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Chief Financial Officer of the City of Port Allen, 375 Court Street, Port Allen, LA, 70767, or by calling (225) 346-5670.

CITY OF PORT ALLEN, LOUISIANA

Statement of Net Position

June 30, 2014

	Primary Government			Component unit
	Government activities	Business-type activities	Total	
Assets				
Cash and cash equivalents	\$ 6,468,664	\$ 2,041,902	\$ 8,510,566	\$ 451,666
Investments	1,780,222	-	1,780,222	187,709
Receivables, net	218,826	243,443	462,269	-
Due from other funds	148,078	-	148,078	18,376
Due from other governments	471,310	-	471,310	-
Prepaid items and other assets	24,642	6,937	31,579	-
Capitalized bond costs	317,453	-	317,453	-
Restricted assets:				
Cash and cash equivalents	597,039	386,417	983,456	-
Capital assets:				
Land	861,301	23,573	884,874	-
Other capital assets, net of depreciation	7,038,992	4,529,992	11,568,984	15,152
Total assets	17,926,527	7,232,264	25,158,791	672,903
Liabilities				
Current liabilities:				
Accounts payable	874,728	193,106	1,067,834	32,848
Due to other funds	-	148,078	148,078	-
Deposits and deferred charges	-	169,647	169,647	-
Accrued interest payable	105,417	5,934	111,351	-
Bonds payable, due within one year	185,000	89,000	274,000	-
Noncurrent liabilities:				
Compensated absences	173,880	172,008	345,888	-
OPEB obligations	347,823	102,705	450,528	-
Bonds payable, due in more than one year	5,125,000	1,548,000	6,673,000	-
Total liabilities	6,811,848	2,428,478	9,240,326	32,848
Net Position				
Invested in capital assets, net of related debt	2,590,293	2,916,565	5,506,858	15,152
Restricted for:				
Prepaid expenses	24,351	-	24,351	-
Public safety	1,273,849	-	1,273,849	-
Welfare	44,531	-	44,531	-
Debt service	492,248	-	492,248	-
Capital improvements	424,434	-	424,434	-
Ordinance No. 1 of 2006	2,500,000	900,000	3,400,000	-
Unrestricted	3,764,973	987,221	4,752,194	624,903
Total net position	\$ 11,114,679	\$ 4,803,786	\$ 15,918,465	\$ 640,055

CITY OF PORT ALLEN, LOUISIANA

Statement of Activities

Year Ended June 30, 2014

	Expenses	Program Revenues		Net (expenses) revenue and change in net position			Component units
		Charges for services	Operating grants and contributions	Governmental activities	Primary Government Business-type activities	Total	
Functions/programs							
Primary government:							
Governmental activities:							
General government	\$ 1,045,858	\$ -	\$ -	\$ (1,045,858)	\$ -	\$ (1,045,858)	\$ -
Public safety	3,076,014	70,613	-	(3,005,401)	-	(3,005,401)	-
Roads and drainage	1,243,140	-	-	(1,243,140)	-	(1,243,140)	-
Depot welcoming center	44,211	-	-	(44,211)	-	(44,211)	-
Sanitation	509,339	410,922	-	(98,417)	-	(98,417)	-
Animal control	32,834	-	-	(32,834)	-	(32,834)	-
Welfare	591,480	-	631,375	39,895	-	39,895	-
Community development	51,095	-	-	(51,095)	-	(51,095)	-
Fleet maintenance	90,476	-	-	(90,476)	-	(90,476)	-
Debt service	252,575	-	-	(252,575)	-	(252,575)	-
Total governmental activities	6,937,022	481,535	631,375	(5,824,112)	-	(5,824,112)	-
Business-type activities							
Water and Gas	1,721,666	1,523,266	98,409	-	(99,991)	(99,991)	-
Sewer	659,663	872,936	-	-	213,273	213,273	-
Total business-type activities	2,381,329	2,396,202	98,409	-	113,282	113,282	-
Total primary government	\$ 9,318,351	\$ 2,877,737	\$ 729,784	(5,824,112)	113,282	(5,710,830)	-
Component units:							
City Court	\$ 327,894	\$ 381,090	\$ -	-	-	-	53,196
General revenues:							
Property taxes				547,108	-	547,108	-
Franchise taxes				364,047	-	364,047	-
Intergovernmental revenue							
Sales and use taxes				4,209,860	-	4,209,860	-
Other taxes				76,925	-	76,925	-
Other income				148,371	-	148,371	-
Investment earnings				67,782	665	68,447	739
Gain on sale of assets				7,623	-	7,623	-
Miscellaneous				411,959	23,256	435,215	-
Transfers				(6,257)	6,257	-	-
Total general revenues and transfers				5,827,418	30,178	5,857,596	739
Change in net position				3,306	143,460	146,766	53,935
Net position - beginning				11,111,373	4,660,326	15,771,699	586,120
Net position - ending				\$ 11,114,679	\$ 4,803,786	\$ 15,918,465	\$ 640,055

CITY OF PORT ALLEN, LOUISIANA

Balance Sheet, Governmental Funds

June 30, 2014

	General	Port Allen Fire Subdistrict Number 3	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 3,605,852	\$ 2,400,328	\$ 462,484	\$ 6,468,664
Investments	1,780,222	-	-	1,780,222
Receivables, net	218,826	-	-	218,826
Due from other funds	1,370,348	-	1,206	1,371,554
Due from other governments	309,270	156,138	5,901	471,309
Prepaid items and other assets	24,351	290	-	24,641
Restricted cash and cash equivalents	-	-	597,039	597,039
Total assets	<u>\$ 7,308,869</u>	<u>\$ 2,556,756</u>	<u>\$ 1,066,630</u>	<u>\$ 10,932,255</u>
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$ 476,501	\$ 63,011	\$ -	\$ 539,512
Other current liabilities	335,216	-	-	335,216
Due to other funds	580	1,222,896	-	1,223,476
Accrued interest payable	-	-	105,417	105,417
Total liabilities	<u>812,297</u>	<u>1,285,907</u>	<u>105,417</u>	<u>2,203,621</u>
Fund balance:				
Nonspendable:				
Prepaid items	24,351	-	-	24,351
Restricted:				
Public safety	3,000	1,270,849	-	1,273,849
Welfare	-	-	44,531	44,531
Debt service	-	-	492,248	492,248
Committed:				
Capital improvements	-	-	424,434	424,434
Ordinance No. 1 of 2006	2,500,000	-	-	2,500,000
Unassigned	3,969,221	-	-	3,969,221
Total fund balance	<u>6,496,572</u>	<u>1,270,849</u>	<u>961,213</u>	<u>8,728,634</u>
Total liabilities and fund balance	<u>\$ 7,308,869</u>	<u>\$ 2,556,756</u>	<u>\$ 1,066,630</u>	<u>\$ 10,932,255</u>

CITY OF PORT ALLEN, LOUISIANA

***Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net position******June 30, 2014***

Fund balances - total governmental funds**\$ 8,728,634**

Amounts reported for governmental activities in the statement of
net assets are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the governmental funds

Governmental capital assets	\$ 13,279,063	
Less accumulated depreciation	(5,378,770)	

7,900,293

Other long-term assets are not available to pay for current-period
expenditures and, therefore, are deferred in the funds

Capitalized bond costs

317,455

Long-term liabilities are not due and payable in the current period and,
therefore, are not reported in the governmental funds

Bonds payable	\$ (5,310,000)	
OPEB obligations	(347,823)	
Compensated absences	(173,880)	

(5,831,703)

Net position of governmental activities

\$ 11,114,679

CITY OF PORT ALLEN, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds

Year Ended June 30, 2014

	General	Port Allen Fire Subdistrict Number 3	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 911,155	\$ -	\$ -	\$ 911,155
Licenses and permits	368,650	-	-	368,650
Intergovernmental	2,936,524	1,469,716	660,291	5,066,531
Charges for services	425,948	-	-	425,948
Fines and forfeitures	55,587	-	-	55,587
Investment earnings	65,583	1,873	327	67,783
Miscellaneous	34,029	9,279	-	43,308
Total revenues	4,797,476	1,480,868	660,618	6,938,962
Expenditures				
Current				
General government	826,960	-	2,500	829,460
Public safety	2,693,310	276,546	-	2,969,856
Roads and drainage	939,144	-	-	939,144
Depot welcome center	44,211	-	-	44,211
Sanitation	509,339	-	-	509,339
Health	32,834	-	-	32,834
Welfare	-	-	591,480	591,480
Community development	51,095	-	-	51,095
Fleet maintenance	109,445	-	-	109,445
Capital outlay				
General government	6,256	-	-	6,256
Public safety	218,247	54,801	-	273,048
Roads and drainage	304,624	-	-	304,624
Debt service				
Principal	-	-	185,000	185,000
Interest and other charges	-	-	236,213	236,213
Total expenditures	5,735,465	331,347	1,015,193	7,082,005
Excess (Deficiency) of Revenues Over Expenditures	(937,989)	1,149,521	(354,575)	(143,043)
Other Financing Sources (Uses)				
Sales of general fixed assets	18,210	-	-	18,210
Operating transfers in	1,474,680	-	421,180	1,895,860
Operating transfers out	(184,887)	(1,346,585)	(370,645)	(1,902,117)
Total other financing sources (uses)	1,308,003	(1,346,585)	50,535	11,953
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	370,014	(197,064)	(304,040)	(131,090)
Fund Balances				
Beginning	6,126,558	1,467,913	1,265,253	8,859,724
Ending	\$ 6,496,572	\$ 1,270,849	\$ 961,213	\$ 8,728,634

CITY OF PORT ALLEN, LOUISIANA

***Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, Changes in Fund Balances to the Statement of Activities******Year Ended June 30, 2014***

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balances - total governmental funds \$ (131,090)

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 296,531	
Depreciation expense	<u>(455,264)</u>	
		(158,733)

The net effect of various miscellaneous transactions involving capital assets
(i.e., sales, trade-ins, and donations) is to decrease net assets. (10,587)

The issuance of long term debt provides current financial resources to
governmental funds, while the repayment of the principal of long term debt
consumes the current financial resources of governmental funds. Neither
transaction, however, has any effect on net assets.

Principal payments	<u>185,000</u>	
		185,000

Some expenses reported in the statement of activities do not require the
use of current financial resources and, therefore, are not reported as
expenditures in governmental funds.

Amortization of issuance costs	(10,307)	
Amortization of original issue discount	(6,055)	
OPEB expenses	188,998	
Compensated absences	<u>(53,920)</u>	
		118,716
Change in net position of governmental activities		<u>\$ 3,306</u>

CITY OF PORT ALLEN, LOUISIANA

Statement of Net Position, Proprietary Funds**June 30, 2014**

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,146,483	\$ 895,419	\$ 2,041,902
Accounts receivable, net	119,710	123,733	243,443
Due from other funds	73,497	-	73,497
Prepaid expenses and other current assets	4,656	2,281	6,937
Total current assets	<u>1,344,346</u>	<u>1,021,433</u>	<u>2,365,779</u>
Non-current Assets			
Restricted:			
Cash and cash equivalents	169,647	216,770	386,417
Total restricted assets	<u>169,647</u>	<u>216,770</u>	<u>386,417</u>
Capital assets:			
Land and land improvements	16,193	7,380	23,573
Buildings and structures	305,659	-	305,659
Furniture and fixtures	116,065	7,394	123,459
Equipment and vehicles	256,502	111,975	368,477
Wastewater treatment plant	-	2,430,336	2,430,336
Water system	2,332,967	-	2,332,967
Gas system	941,992	-	941,992
Sewer system	-	2,014,512	2,014,512
Less accumulated depreciation	(2,398,139)	(1,589,271)	(3,987,410)
Total capital assets (net of accumulated depreciation)	<u>1,571,239</u>	<u>2,982,326</u>	<u>4,553,565</u>
Total non-current assets	<u>1,740,886</u>	<u>3,199,096</u>	<u>4,939,982</u>
Total assets	<u>3,085,232</u>	<u>4,220,529</u>	<u>7,305,761</u>

CITY OF PORT ALLEN, LOUISIANA**Statement of Net Position, Proprietary Funds, Continued****June 30, 2014**

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Liabilities			
Current Liabilities (payable from current assets):			
Accounts payable	126,639	66,467	193,106
Due to other funds	130,599	90,976	221,575
Customer deposits	169,647	-	169,647
Total current liabilities (payable from current assets)	426,885	157,443	584,328
Current Liabilities (payable from restricted assets):			
Accrued interest payable on revenue bonds	-	5,934	5,934
Current portion of long-term debt	-	89,000	89,000
Total current liabilities (payable from restricted assets)	-	94,934	94,934
Non-current Liabilities:			
Compensated absences	113,374	58,634	172,008
OPEB obligations	69,091	33,614	102,705
Bonds and notes payable	-	1,548,000	1,548,000
Total non-current liabilities	182,465	1,640,248	1,822,713
Total liabilities	609,350	1,892,625	2,501,975
Net Position			
Invested in capital assets, net of related debt	1,571,239	1,345,326	2,916,565
Restricted for:			
Ordinance No. 1 of 2006	900,000	-	900,000
Unrestricted	4,643	982,578	987,221
Total net position	\$ 2,475,882	\$ 2,327,904	\$ 4,803,786

CITY OF PORT ALLEN, LOUISIANA

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds

Year Ended June 30, 2014

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Operating Revenues			
Charges for services			
Gas sales	\$ 1,028,202	\$ -	\$ 1,028,202
Water sales	460,377	-	460,377
Sewer service charges	-	864,176	864,176
Connection fees	17,438	8,760	26,198
Delinquent charges	17,249	-	17,249
Miscellaneous	23,256	-	23,256
Total Operating Revenues	1,546,522	872,936	2,419,458
Operating Expenses			
Personal services	694,646	308,019	1,002,665
Contractual services and other	270,885	139,408	410,293
Supplies	25,210	24,596	49,806
Materials	596,907	4,785	601,692
Heat, light and power	58,274	65,266	123,540
Depreciation	75,744	99,782	175,526
Total Operating Expenses	1,721,666	641,856	2,363,522
Operating Income (Loss)	(175,144)	231,080	55,936
Nonoperating Revenues (Expenses)			
Operating grants	98,409	-	98,409
Interest expense	-	(17,807)	(17,807)
Investment earnings	534	131	665
Total Nonoperating Revenues (Expenses)	98,943	(17,676)	81,267
Income (loss) before transfers	(76,201)	213,404	137,203
Transfer in	75,365	-	75,365
Transfer (out)	-	(69,108)	(69,108)
Increase (Decrease) in net assets	(836)	144,296	143,460
Net position			
Beginning	2,476,718	2,183,608	4,660,326
Ending	\$ 2,475,882	\$ 2,327,904	\$ 4,803,786

CITY OF PORT ALLEN, LOUISIANA

Statement of Cash Flows Proprietary Funds

Year Ended June 30, 2014

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 1,605,972	\$ 860,852	\$ 2,466,824
Payments to suppliers	(1,025,570)	(124,716)	(1,150,286)
Payments to employees for services and benefits	(678,643)	(299,202)	(977,845)
Other operating cash receipts	23,256		23,256
Net Cash Provided By (Used In) Operating Activities	(74,985)	436,934	361,949
Cash Flows From Noncapital Financing Activities			
Transfers to other funds	-	(69,108)	(69,108)
Transfers from other funds	75,365	-	75,365
Net Cash Provided By (Used in) Noncapital Financing Activities	75,365	(69,108)	6,257
Cash Flows From Capital and Related Financing Activities			
Purchase of capital assets	(110,377)	(28,488)	(138,865)
Operating grant	98,409	-	98,409
Proceeds from capital debt	-	-	-
Principal paid on revenue bonds	-	(88,000)	(88,000)
Interest paid	-	(15,970)	(15,970)
Net Cash Provided By (Used In) Capital and Related Financing Activities	(11,968)	(132,458)	(144,426)
Cash Flows From Investing Activities			
Proceeds from maturity of investments	150,005	-	150,005
Interest received	969	131	1,100
Net Cash Provided By (Used In) Investing Activities	150,974	131	151,105
Increase (Decrease) in Cash and Cash Equivalents	139,386	235,499	374,885
Cash and Cash Equivalents			
Beginning	1,176,744	876,690	2,053,434
Ending	\$ 1,316,130	\$ 1,112,189	\$ 2,428,319
Cash and Cash Equivalents	\$ 1,146,483	\$ 895,419	\$ 2,041,902
Restricted Assets	169,647	216,770	386,417
Totals	\$ 1,316,130	\$ 1,112,189	\$ 2,428,319

CITY OF PORT ALLEN, LOUISIANA

Statement of Cash Flows

Year Ended June 30, 2014

Proprietary Funds, Continued

	Business-type Activities Enterprise Funds		
	Water & Gas	Sewer	Total
Cash Flows From Operating Activities			
Operating income	\$ (175,144)	\$ 231,080	\$ 55,936
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	75,744	99,782	175,526
(Increase) decrease in assets			
Accounts receivable	78,470	58,721	137,191
Prepaid expenses	(1,123)	370	(753)
Increase (decrease) in liabilities			
Accounts payable and accrued expenses	(73,171)	38,164	(35,007)
Deposits	4,236	-	4,236
OPEB obligations	10,536	4,958	15,494
Compensated absences	5,467	3,859	9,326
Net Cash Provided By (Used In) Operating Activities	\$ (74,985)	\$ 436,934	\$ 361,949

CITY OF PORT ALLEN, LOUISIANA

Statement of Net Position**December 31, 2013****Component Unit**

	City Court
Assets	
Cash	\$ 451,666
Certificates of deposit	145,987
Investments	41,722
Due from other funds	18,376
Capital assets, net of depreciation	15,152
Total assets	<u>672,903</u>
Liabilities	
Due to other governments	27,352
Accrued expenses	5,496
Total Liabilities	<u>32,848</u>
Net Position	
Invested in capital assets, net of related debt	15,152
Unassigned	624,903
Total net position	<u>\$ 640,055</u>

CITY OF PORT ALLEN, LOUISIANA

Statement of Activities**Year Ended December 31, 2013****Component Unit**

	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>City Court</u>
City Court			
Judiciary	<u>\$ 327,894</u>	<u>\$ 381,090</u>	<u>\$ 53,196</u>
General Revenues			
Investment earnings			<u>739</u>
Change in net position			53,935
Net position - beginning			<u>586,120</u>
Net position - ending			<u><u>\$ 640,055</u></u>

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements

June 30, 2014

1. Summary of Significant Accounting Policies

Reporting Entity. The government is a municipal corporation governed by an elected Mayor and five member council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

Blended component unit: The Port Allen Fire Subdistrict No. 3 serves the citizens of the government.

Discretely presented component units: The City Court of Port Allen serves the citizens of the City. The voters elect the judge. The City is required to provide facilities and funding for the operation of the Court.

Complete financial statements for the City Court may be obtained at the Court's administrative office: City Court of Port Allen, 330 South Alexander, Port Allen, Louisiana.

Related Organizations. The following organizations were considered for inclusion in the reporting entity but did not meet all of the requirements. Therefore, these entities were considered to be related organizations not reported in the accompanying basic financial statements.

Port Allen Volunteer Fire Department and Port Allen Auxiliary Police Department. These potential component units provide volunteer fire and police services within the city limits. Although the City does provide facilities and/or some financing, it does not exercise direct control over their operations.

Port Allen City Constable. This potential component unit is an independently elected official and provides services to residents, generally within the geographic boundaries of the City. However, the City does not have the ability to exercise influence over its daily operations.

Government-wide and Fund Financial Statements. The government-wide financial statements include the statement of net position and the statement of activities report information on all of the non-fiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation. The financial statements of the City are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the City has elected to directly incorporate into GASB's authoritative literature certain pronouncement issued by FASB and its predecessors on or before November 30, 1989.

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Principal and interest on general long term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

However, expenditures related to compensated absences and claims and judgments are only recorded when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

General Fund. The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Fund:

Port Allen Fire Subdistrict Number 3 Fund. The Fire District Fund is used to account for its proportionate share of a ½ cent sales tax specifically dedicated for the purchase and maintenance of firefighting equipment and to provide for payment of contractual obligations of the fire subdistrict and to provide fire protection to the subdistrict and its citizens.

Low Income Housing Fund. The Low Income Housing Fund is used to account for the expenditure and subsequent reimbursement of funds received from the U.S. Department of Housing and Urban Development for rental assistance to low income citizens who qualify.

The government reports the following major proprietary funds:

Enterprise Funds:

Water and Gas Fund. The Water and Gas Fund is to account for the provision of water and gas services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service and billing.

Sewer Fund. The Sewer Fund is to account for the provision of sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service billing.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Gas fund and the Sewer fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Deposits and Investments. Cash and cash equivalents include cash on hand, demand deposits, as well as certificates of deposit and short term investments, with a maturity date within three months of the date acquired by the City.

State law allows the city to invest in any direct obligation of the United States Treasury, other debt issued or guaranteed by the full faith and credit of the United States, certificates of deposit of any bank in Louisiana, mutual funds which are registered with the Securities and Exchange Commission and invest in securities of the U.S. government or its agencies, guaranteed investment contracts issued by banks or insurance companies or investment grade commercial paper of domestic U.S. corporations. The City's investment policy is more restrictive in that it does not allow guaranteed investment contracts issued by banks or insurance companies, or investment grade commercial paper of domestic U.S. corporations.

Investments for the City, as well as for its component units, are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The report value of the pool is the same as the fair value of the pool shares.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

Short Term Interfund Receivables/Payables. During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due to/from other funds” on the balance sheet. Short-term interfund loans, if any, are classified as “interfund receivables/payables.”

Inventories. Purchases of operating supplies are recorded as expenditures when purchased; inventories of such supplies are not recorded and are not considered by management to be material.

Prepaid Items. Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets. Restricted assets include certain cash and investments of the Water & Gas Fund, Sewer Fund, Municipal Complex Debt Service Fund, and the Fire Station Project Debt Service Fund, which are legally restricted as to their use. The restricted cash and investments in the governmental funds and in the Sewer Fund are held separately and restricted according to the applicable bond indenture agreements. The restricted cash in the Water & Gas Fund is held in trust for customer utility meter deposits.

Compensated Absences. Full-time, permanent employees of the City earn vacation leave and sick leave at various rates depending on the number of years of service. The City’s policy allows employees to accumulate unused sick leave on an unlimited basis and unused vacation leave up to 60 days. An employee is compensated for up to 60 days of unused vacation leave at the employee’s hourly rate of pay at the time of termination. Upon an employee’s retirement, sick leave, not to exceed 60 days, and vacation leave not to exceed 60 days shall be paid as severance pay. The liability for these compensated absences is recorded as long term debt in the government-wide and proprietary financial statements. However, any matured compensated absences existing at year-end which are payable to currently terminating employees are reported in the governmental funds as wages and benefits payable and on the government-wide and proprietary financial statements as the current portion of compensated absences.

Capital Assets. Capital Assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

Assets capitalized have an original cost in excess of \$2,000 and a useful life of over one year. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Description	Life in Years
Buildings	30-50
Water and Sewer Systems	40-50
Infrastructure	20-35
Machinery and Equipment	5-10
Improvements	20

GASB Codification section 1400 "Reporting Capital Assets" requires the City to report and depreciate new infrastructure assets in the year acquired. Infrastructure assets include roads, underground pipe (other than related to utilities), etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has been reported in the financial statements prior to June 30, 2001. The retroactive reporting of infrastructure is not required for governments of this size and, accordingly, the City has elected not to report infrastructure retroactively. However, the City will continue to report new infrastructure assets in the year acquired.

Other Post Employment Benefit Obligations. The City follows GASB Codification Section P50 *Post-employment Benefits Plans Other than Pension Plans.* This pronouncement requires the City to calculate and recognize a net other post-employment benefit obligation (NOPEBO) at June 30, 2012. The NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2011. The City makes annual contributions based upon council decisions.

Long Term Debt. Long Term Debt obligations to be repaid from governmental and business type resources are reported as liabilities in the government-wide statements.

Long Term Debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources, and the payment of principle and interest are reported as expenditures, in the fund statements.

The reporting of Long Term Debt in the proprietary statements is the same in the fund statements as it is in the government-wide statements.

Deferred Outflows of Resources and Deferred Inflows of Resources. In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

recognized as an outflow of resources (expenses/expenditure) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Fund Equity.

Equity Classifications.

Government-Wide Financial Statements.

In the government-wide financial statements, equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by:
 1. external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or
 2. law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Fund Financial Statements.

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as follows.

The City follows GASB Codification Section 1400 “Fund Accounting”. As such, fund balances of the governmental fund are classified as follows:

Non-spendable – amount that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal decision of the City Council. The City Council is the highest level of decision-making authority for the City of Port Allen.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all other spendable amounts.

The City Council is the highest level of decision making authority for the City. The Council would have to approve a resolution to approve or change any previously approved commitment of fund balance. The City council is also authorized to approve assigned fund balances. It is the City's policy to spend unrestricted fund balances first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is the City's policy to spend committed or assigned fund balances first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The City does not have any policy regarding minimum fund balance amounts.

Proprietary fund equity is classified the same as in the government-wide statements.

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Interfund Transactions. Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of the expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

Revenues and Expenditure Recognition.

Ad Valorem Taxes. Ad Valorem taxes are recognized in the fiscal year in which the taxes are levied. Taxes are due and become an enforceable lien on property on the first day of the month following the filing of the tax rolls by the assessor with the Louisiana Tax Commission (usually December 1). City taxes are billed and collected by the City.

Taxes become delinquent on January 1st in the year after levy. Taxes are levied on property values determined by the West Baton Rouge Parish Assessor's Office. All land and residential improvements are assessed at 10 percent of its fair market value and other property at 15 percent of its fair market value. Ad Valorem taxes are levied (per \$1,000 assessed value) in varying amounts for maintenance and operation for the following purposes:

General Fund	2014 Millage
General Maintenance	7.67
Police Department	5.48

Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events. In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through January 27, 2015, the date the financial statements were available to be issued.

Current Year Adoption of New Accounting Standards. The City adopted the following recently issued GASB Standards in the preparation of this Annual Financial Report:

The City adopted GASB Statement No. 66 "Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62." The adoption of GASB 66 did not require any changes to the financial statements of the City.

The City also adopted GASB Statement No. 65 – "Items Previously Reported as Assets and Liabilities". Under GASB Statement 65, debt issuance costs, except any portion related to prepaid insurance costs, are recognized as expense in the period incurred. The adoption of GASB 65 did not require any changes to the financial statements of the City.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

Current Accounting Pronouncements. In June 2012, the Governmental Accounting Standards Board issued GASB Statement No. 68 “Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.” The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees—both active employees and inactive employees—are provided with pensions. One aspect of that objective is to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental employers. This information will assist users in assessing the relationship between a government’s inflows of resources and its total cost (including pension expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government’s pension obligations and the resources available to satisfy those obligations. An additional objective of this Statement is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. Statement No. 67, *Financial Reporting for Pension Plans*, establishes standards of financial reporting for defined benefit pension plans and defined contribution pension plans that are used to provide pensions that are within the scope of this Statement. The two Statements are closely related in some areas, and certain provisions of this Statement refer to Statement 67. This Statement will be required to be adopted by the City of Port Allen for fiscal year ending June 30, 2015.

Management is currently evaluating the effects of the new GASB pronouncements scheduled for implementation for fiscal year ending June 30, 2015.

2. Stewardship, Compliance, and Accountability

Budgetary Information. Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, capital improvement and debt service funds, and all annual appropriations lapse at fiscal year end.

Policies and procedures with respect to the budget adoption and budgetary control are as follows:

On or before May 15 of each year, all agencies of the City submit requests for appropriation to the City’s finance director so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

Before June 16, the proposed budget is presented to the City's Council for review. The City's Council holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City's finance director or the revenue estimates must be changed by an affirmative vote of a majority of the City's Council.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of resources are recorded to reserve that portion of the applicable appropriation, is not utilized in the governmental funds. Encumbrances outstanding at year end are immaterial and not reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

3. Deposits and Investments

Deposits. At June 30, 2014, the City has deposits totaling \$7,598,013 (book balances) as follows:

Type of Deposit	Carrying Value
Demand deposits	\$ 7,098,105
Time deposits and Interest-bearing deposits	500,000
Total Deposits	<u>\$ 7,598,105</u>

These deposits are stated at cost, which approximates market. Under State law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At June 30, 2014, the government's bank balance of \$5,781,759 was not exposed to custodial credit risk.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

Investments.

As of June 30, 2014, the change in the City's investments is reported as follows:

	Change in Investments	
	Amortized Cost	Fair Value
Balance, June 30, 2013	\$ 3,513,816	\$ 3,472,172
Add:		
Investment purchase	672,543	672,543
Market value adjustment	-	16,865
Total	4,186,359	4,161,580
Less- investments maturities	1,489,370	1,489,370
Balance, June 30, 2014	\$ 2,696,989	\$ 2,672,210

LAMP

Local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at market value and are equal to the value of the pool shares.

Investments in LAMP held at June 30, 2014 totaled \$1,003,929. In accordance with GASB Codification Section I50 Investments, the investments in LAMP at June 30, 2014 are not categorized in the risk categories because the investments are in a pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The LAMP Corporation is governed by a board of directors comprising the State treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Custodial Credit Risk of Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured and unregistered and are either held by the counterparty, or by the counterparty's trust department or agent, but not in the name of the City. Investments are held by the registered agents of the City in the City's name.

Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of investments. Also, investments can be highly sensitive to changes in interest rates due to their terms or characteristics.

As of June 30, 2014, the City of Port Allen had the following investments and maturities:

	Fair Value	Investment Maturities in Years			
		Less than 1	1-5	6-10	More than 10
Money Market Funds	\$ 1,391,988	\$ 1,391,988	\$ -	\$ -	\$ -
U.S. Agency obligations	1,280,222	-	80,550	224,120	975,552
Total	<u>\$ 2,672,210</u>	<u>\$ 1,391,988</u>	<u>\$ 80,550</u>	<u>\$ 224,120</u>	<u>\$ 975,552</u>

Credit Risk

The credit risk of investments is the risk that the issuer or other counterparty will not meet its obligations. This credit risk is measured by the credit quality ratings of investments in debt securities as described by nationally recognized statistical rating organizations (rating agencies) such as Standard & Poor's (S & P) and Moody's.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

As of June 30, 2014, all of the City's purchased investments in U.S. Agencies Bonds were rated AAA and Aaa by Standard & Poors and Moody's respectively. U.S. Government obligations are explicitly guaranteed by the U.S. government and are not risk rated.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may occur due to the amount of investments in a single issuer (not including investments issued or guaranteed by the U.S. government, investments in mutual funds, or external investment pools). The City's investment policy requires the investment portfolio to be diversified to eliminate the risk of loss of both principal and income resulting from the over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

Reconciliation

In order to accurately compare the cash and investments shown on the combined balance sheet with carrying values of deposits and investments disclosed in the schedules above, the following is provided:

Captions in Note 3

Carrying value of bank deposits	\$ 7,598,105
Carrying value of investments	2,672,210
Carrying value of Lamp investments	<u>1,003,929</u>
Total	<u>\$ 11,274,244</u>

Captions on combined balance sheet:

Cash and cash equivalents	\$ 8,510,566
Investments	1,780,222
Restricted cash and cash equivalents	<u>983,456</u>
Total	<u>\$ 11,274,244</u>

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

4. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include ad valorem, sales taxes, franchise taxes, and grants. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as ad valorem, sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

Balances receivable have been aggregated for presentation in the accompanying financial statements. Therefore, the following schedules provide additional detailed information concerning balances receivable by category and fund type. Receivable balances at June 30, 2014, are as follows:

	Governmental Funds		
	General Fund	Fire Subdistrict Number 3 Fund	Total Governmental Funds
Franchise tax	\$ 118,858	\$ -	\$ 118,858
Interest	3,732	-	3,732
Other	96,236	-	96,236
Total Receivables	218,826	-	218,826
Allowance for Uncollectibles	-	-	-
Receivables, Net	\$ 218,826	\$ -	\$ 218,826

	Proprietary Funds		
	Water & Gas Fund	Sewer Fund	Total Proprietary Funds
Utility fees	\$ 125,900	\$ 123,733	\$ 249,633
Interest	-	-	-
Total receivables	125,900	123,733	249,633
Allowance for uncollectibles	(6,190)	-	(6,190)
Receivables, net	\$ 119,710	\$ 123,733	\$ 243,443

Uncollectible amounts due for condemnation and code enforcement receivables and utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

5. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the fiscal year ended June 30, 2014:

	Beginning Balance June 30, 2013	Increases	Decreases	Ending Balance June 30, 2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 861,301	\$ -	\$ -	\$ 861,301
Capital assets, being depreciated:				
Buildings and structures	7,740,281	-	-	7,740,281
Furniture and fixtures	644,917	20,602	-	665,519
Equipment and vehicles	3,760,780	275,929	24,747	4,011,962
Total capital assets, being depreciated	12,145,978	296,531	24,747	12,417,762
Less accumulated depreciation for:				
Buildings and structures	1,786,160	187,925	-	1,974,085
Furniture and fixtures	454,897	45,109	-	500,006
Equipment and vehicles	2,696,609	222,230	14,160	2,904,679
Total accumulated depreciation	4,937,666	455,264	14,160	5,378,770
Total capital assets, being depreciated, net	7,208,312	(158,733)	10,587	7,038,992
Governmental activities capital assets, net	\$ 8,069,613	\$ (158,733)	\$ 10,587	\$ 7,900,293

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

The following is a summary of changes in capital assets for business-type activities for the fiscal year June 30, 2014:

	Beginning Balance June 30, 2013	Increases	Decreases	Transfers	Ending Balance June 30, 2014
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 23,573	\$ -	\$ -	\$ -	\$ 23,573
Capital assets, being depreciated:					
Buildings	305,659	-	-	-	305,659
Furniture and fixtures	117,203	6,256	-	-	123,459
Equipment and vehicles	351,250	17,226	-	-	368,476
Wastewater treatment plant	2,401,848	28,488	-	-	2,430,336
Water system	2,270,993	61,974	-	-	2,332,967
Gas system	917,071	24,921	-	-	941,992
Sewer system	2,014,512	-	-	-	2,014,512
Construction in progress	-	-	-	-	-
Total capital assets, being depreciated	8,378,536	138,865	-	-	8,517,401
Less accumulated depreciation for:					
Buildings	134,198	9,064	-	-	143,262
Furniture and fixtures	112,791	2,792	-	-	115,583
Equipment and vehicles	281,351	21,090	-	-	302,441
Wastewater treatment plant	620,000	56,546	-	-	676,546
Water system	1,134,032	39,656	-	-	1,173,688
Gas system	769,954	9,743	-	-	779,697
Sewer system	759,557	36,635	-	-	796,192
Total accumulated depreciation	3,811,883	175,526	-	-	3,987,409
Total capital assets, being depreciated, net	4,566,653	(36,661)	-	-	4,529,992
Business-type activities capital assets, net	\$ 4,590,226	\$ (36,661)	\$ -	\$ -	\$ 4,553,565

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

Depreciation expense was charged to government functions as follows:

General Government	\$ 97,457
Public Safety - Police Department	68,657
Public Safety - Fire Department	246,024
Roads and Drainage	34,823
Depot Welcoming Center	8,113
Fleet Maintenance	190
Total	<u>\$ 455,264</u>

Water and Gas	\$ 75,744
Sewer	99,782
Total	<u>\$ 175,526</u>

Capital outlays are reported as expenditures in the governmental funds; however, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. The adjustment from governmental funds to the government-wide statements is summarized as follows:

Primary Government

Capital outlay	\$ 296,531
Depreciation expense	<u>(455,264)</u>
Total adjustments	<u>\$ (158,733)</u>

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

6. Long Term Debt

The following is a summary of changes in long term debt for the year ended June 30, 2014:

Type of Debt	Balance at June 30, 2013	Additions or Bonds Issued	Bonds Redeemed and Other Reductions	Balance at June 30, 2014	Amount due within One Year
<i>Governmental Activities:</i>					
Revenue bond	\$ 5,495,000	\$ -	\$ 185,000	\$ 5,310,000	\$ 185,000
Other post employment benefits	293,903	53,920	-	347,823	-
Compensated absences	362,879	-	188,999	173,880	-
Total governmental long-term debt	<u>\$ 6,151,782</u>	<u>\$ 53,920</u>	<u>\$ 373,999</u>	<u>\$ 5,831,703</u>	<u>\$ 185,000</u>
<i>Business-Type Activities:</i>					
Revenue bond	\$ 1,725,000	\$ -	\$ 88,000	\$ 1,637,000	\$ 89,000
Other post employment benefits	87,211	15,494	-	102,705	-
Compensated absences	162,682	9,326	-	172,008	-
Total business-type activities debt	<u>\$ 1,974,893</u>	<u>\$ 24,820</u>	<u>\$ 88,000</u>	<u>\$ 1,911,713</u>	<u>\$ 89,000</u>

The reporting entity's long term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities:

As of June 30, 2014, the governmental long term debt of the financial reporting entity consisted of the following:

Revenue Bonds

The City borrowed \$3,505,000 from Louisiana Local Environmental Facilities and Community Development Authority (the "Authority") on August 10, 2004 for the construction of a new city hall and related improvements. The loan was payable in annual installments of \$45,000 to \$245,000 plus interest at 4.0% to 5.2%. The bonds were refunded in November, 2011 by the issuance of \$3,125,000 of new bonds. Payments are due in annual installments of \$135,000 to \$215,000 plus interest at 2.0% to 4.25%. The bonds are due annually from July 1, 2012 to July 1, 2029. The balance at June 30, 2014 is \$2,815,000 and debt service requirements to maturity are as follows:

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

Year Ending June 30,	Principal	Interest
2015	\$ 135,000	\$ 97,087
2016	145,000	93,825
2017	150,000	90,075
2018	150,000	85,575
2019	155,000	80,925
2020-2024	850,000	316,525
2025-2029	1,015,000	130,988
2030	215,000	-
	<u>\$ 2,815,000</u>	<u>\$ 895,000</u>

Revenue Bonds

The Port Allen Fire Subdistrict No. 3 borrowed \$2,720,000 from Louisiana Local Environmental Facilities and Community Development Authority (the "Authority") on July 11, 2008 for the construction of a new fire station. The loan is repayable in annual installments of \$35,000 to \$175,000 plus interest at 4.0% to 5.625%. Payments are due annually from February 1, 2009 to February 1, 2038. The balance at June 30, 2014 is \$2,495,000 and debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2015	\$ 50,000	\$ 132,256
2016	55,000	130,156
2017	55,000	127,956
2018	60,000	125,356
2019	65,000	122,231
2020-2024	360,000	558,700
2025-2029	460,000	450,850
2030-2034	605,000	307,269
2035-2039	785,000	110,250
	<u>\$ 2,495,000</u>	<u>\$ 2,065,024</u>

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

Business Activities:

As of June 30, 2014, the long term debt payable from proprietary fund resources consisted of the following:

Revenue Bonds

On October 1, 2010, the City issued Revenue Bonds through the Louisiana Department of Environmental Quality in an amount not to exceed \$1,900,000 for the purpose of paying the costs of in-kind replacement of most mechanical and electrical equipment at its wastewater treatment plant and rehabilitating approximately 1,170 linear feet of its sewer system. Construction was completed on July 17, 2012. The bonds will mature in 20 years and bear interest and administrative fees at a combined rate of .95%, payable on April 1 and October 1 of each year. The City used \$1,813,000 of the approved total.

Year Ending June 30,	Principal	Interest
2015	\$ 89,000	\$ 15,129
2016	90,000	14,278
2017	91,000	13,419
2018	92,000	12,550
2019	93,000	11,671
2020-2024	475,000	44,959
2025-2029	500,000	21,802
2030-2031	207,000	1,971
	<u>\$ 1,637,000</u>	<u>\$ 135,779</u>

There are a number of covenants and restrictions contained in the bond indenture noted above. The City is in compliance with the covenants related to the Municipal Complex debt at June 30, 2014.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

7. Interfund Receivables/Payables

Receivable Fund	Interfund Receivables	Interfund Payables
<u>Governmental Funds</u>		
General Fund	\$ 1,370,348	\$ 580
Lower Income Housing	580	
Fire Subdistrict No. 3		1,222,896
Fire Debt Service Fund	626	
	1,371,554	1,223,476
Eliminations	(1,223,476)	(1,223,476)
	<u>\$ 148,078</u>	<u>\$ -</u>
<u>Proprietary Funds</u>		
Water & Gas Fund	\$ 73,497	\$ 130,599
Sewer Fund		90,976
	73,497	221,575
Eliminations	(73,497)	(73,497)
	<u>\$ -</u>	<u>\$ 148,078</u>

8. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

At June 30, 2014, there were various lawsuits and claims pending against the City. The outcome is not presently determinable and in the opinion of City management, after consultation with legal counsel, the resolution of these matters will not have a material adverse effect on the financial position of the City.

9. Retirement Commitments

Substantially all employees of the City of Port Allen are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Firefighters Retirement System, Municipal Police Employees Retirement System of Louisiana, or Louisiana State Employees Retirement System. These systems are cost sharing, multiple-employer defined benefit pension plans administered by separate bonds of trustees. Pertinent information relative to each plan follows:

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

Municipal Employees Retirement System of Louisiana (MERS)

Plan Description. The system is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the City in this System are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at any age with at least 25 years of creditable service, are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service.

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statutes.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the City of Port Allen is required to contribute at an actuarially determined rate. The current rate is 18.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and City of Port Allen are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The contributions of the City of Port Allen System under Plan A for the year ending June 30, 2014, 2013 and 2012, were \$254,708, \$235,610, and \$246,530, respectively, and were equal to the required contributions for each year.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

Municipal Police Employees Retirement System (MPERS)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10 percent of their annual covered salary and the City of Port Allen is required to contribute at an actuarially determined rate. The current rate is 31 percent of annual covered payroll. The contribution requirements of plan members and the City of Port Allen are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The contributions of the City of Port Allen for the year ending June 30, 2014, 2013 and 2012 were \$242,737, \$226,463 and \$206,164, respectively, and were equal to the required contributions for each year.

Firefighters' Retirement System (FRS)

Plan Description. All full time fire employees are required to participate in the FRS. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana, 70806, or by calling (225) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary and employers are required to contribute at an actuarially determined rate. The current employer rate is 28.25% of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by state law. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. Employer contributions to FRS for the years ending June 30, 2014, 2013 and 2012 were \$150,674, \$119,559 and \$112,555, respectively, and were equal to the required contributions for each year.

Louisiana State Employees Retirement System (LASERS)

Plan Description. The City's judicial employee participates in the LASERS. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

LASERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Louisiana State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana.

Funding Policy. Plan members are required by state statute to contribute 11.5% of their annual covered salary and employers are required to contribute at an actuarially determinable rate. The current employer rate is 36.3% of annual covered payroll. The contribution requirements of plan members and the employer are established by and amended by state law. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

the valuation for the prior fiscal year. Employer contributions to LASERS for the years ending June 30, 2014, 2013 and 2012 were \$10,348, \$9,158 and \$8,368, respectively, and were equal to the required contributions for each year.

10. Post-employment Health Care Benefits

Plan Description. The City of Port Allen's medical benefits are provided through an insured medical plan and are made available to employees upon actual retirement.

The employees are covered by one of three retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; second, the Firefighters' Retirement System of Louisiana, and, third, the Municipal Police Retirement System of Louisiana. Both the Fire and Police systems have retirement eligibility (D.R.O.P. entry) provisions as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service. However, employees must have at least 25 years of service at retirement in order to obtain retiree medical coverage paid by the employer. Because of this requirement and based on past experience and retirement patterns, we have assumed that employees will enter D.R.O.P. after the later of age 55 and completion of 25 years of service. Complete plan provisions are included in the official plan documents.

Contribution Rates. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Funding. Until 2008, the City of Port Allen recognized the cost of providing post-employment medical benefits (the City of Port Allen's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In the year ended June 30, 2014 and 2013, the City of Port Allen's portion of health care funding cost for retired employees totaled \$42,597 and \$52,899, respectively.

Effective July 1, 2008, the City of Port Allen implemented Government Accounting Standards Board Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution. The City of Port Allen's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC is the sum of the

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45 has been used for the post-employment benefits. The actuarially computed ARC is as follows:

Normal cost	\$ 33,977
30-year UAL amortization amount	92,656
Annual required contribution (ARC)	<u>\$ 126,633</u>

Net Post-employment Benefit Obligation (Asset). The table below shows the City of Port Allen's Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending June 30:

Beginning Net OPEB obligation	\$ 381,113
Annual required contribution	126,633
Interest on net OPEB obligation (asset)	9,690
ARC adjustment	<u>(14,011)</u>
OPEB cost	122,312
Contribution	-
Current year retiree premium	<u>(52,897)</u>
Change in Net OPEB obligation	<u>69,415</u>
Ending Net OPEB obligation	<u>\$ 450,528</u>

The following table shows the City of Port Allen's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability as of June 30:

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation Liability (Asset)
June 30, 2014	\$ 122,312	43.25%	\$ 450,528
June 30, 2013	\$ 122,312	43.25%	\$ 381,113
June 30, 2012	\$ 122,313	43.25%	\$ 311,701

Funded Status and Funding Progress. In the fiscal year ending June 30, 2014, the City of Port Allen made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. As of July 1, 2011, the most recent actuarial valuation, the Actuarial Accrued Liability (AAL) as of June 30, 2013 was \$1,602,243, which is defined as that portion, as determined by a particular actuarial cost method (the City of Port Allen uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	2014
Actuarial accrued liability (AAL)	\$ 1,602,243
Actuarial value of plan assets	-
Unfunded act. accrued liability (UAAL)	<u>\$ 1,602,243</u>
Funded ratio (act. val. assets/AAL)	0%
Covered payroll (active plan members)	3,247,598
UAAL as a percentage of covered payroll	49.34%

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of Port Allen and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Port Allen and its

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City of Port Allen and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

Actuarial Value of Plan Assets. There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

Turnover Rate. An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 10%.

Post employment Benefit Plan Eligibility Requirements. Based on past experience and retirement patterns, it has been assumed that entitlement to employer-paid retiree medical benefits will commence four years after D.R.O.P. entry, as described above under "Plan Description" (three years in D.R.O.P. and one additional year). Medical benefits are provided to employees upon actual retirement. Entitlement to benefits continue through Medicare to death.

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration (www.cms.hhs.gov). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 50% of the retiree portion of the coverage (not dependents), but it is based on the blended rate (active and retiree) before age 65 Medicare eligibility. Since GASB Codification P50 requires the use of unblended rates, we have "unblended" the rates before age 65 by assuming the unblended rate for retirees is 130% of the total blended rate. Upon Medicare eligibility, the employer pays the Medicare premium for the retiree only.

Inflation Rate. Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases. This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases. The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The City purchases commercial insurance policies at levels which management believes is adequate to protect the City. There were four settled claims paid in excess of the commercial insurance coverage in the past three fiscal years. The City paid a net of \$185,000 during the year to settle suits with four former employees. That expense was accrued as of June 30, 2013 and paid during the current year end.

12. On-Behalf Payments

Included in intergovernmental revenue and salary expense are supplemental salary payments to police officers and firemen, which were paid directly to them from the State of Louisiana. The payments to police officers were \$83,567 for the year ended June 30, 2014. The payments to firemen were \$49,133 for the year ended June 30, 2014.

CITY OF PORT ALLEN, LOUISIANA

Notes to Financial Statements, continued

June 30, 2014

13. Restrictions of Fund Balances and Net Position

On January 11, 2006, the City Council passed Ordinance No. 1 of 2006, which restricted \$2,500,000 of the fund balance of the General Fund to assist the City in meeting extraordinary expenses and obligations in the event of a potential future decrease in sales tax revenue. The same ordinance also restricted \$900,000 of the net position of the Water and Gas Fund to assist the City in meeting extraordinary expenses and obligations due to unanticipated costs regarding the operation and maintenance of the City's water and gas system.

14. Other Matters

On November 16, 2013 the citizens of Port Allen voted to recall Mayor Demetric Slaughter. Her last day in office was November 25, 2013. Mayor pro-tem, Ray Helen Lawrence served as interim mayor until December 16, 2013 at which time the Governor appointed Marilyn B. Robertson as interim mayor. She served as mayor until April 5, 2014 at which time Mr. Richard Lee was elected and installed.

15. Subsequent Events

On July 1, 2014 the Port Allen Fire Subdistrict No.3 and the Fire Station Project Debt Service Fund were transferred to the West Baton Rouge Parish Council. All assets and liabilities formerly included in the reporting entity of the City of Port Allen were included in the transfer.

CITY OF PORT ALLEN, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balance -

Year Ended June 30, 2014

Budget and Actual

General Fund

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Taxes	\$ 813,720	\$ 813,720	\$ 911,155	\$ 97,435
Licenses and permits	356,500	356,500	368,650	12,150
Intergovernmental	2,678,300	2,678,300	2,936,524	258,224
Charges for services	433,000	433,000	425,948	(7,052)
Fines and forfeitures	57,000	57,000	55,587	(1,413)
Investment earnings	46,000	46,000	65,583	19,583
Miscellaneous	12,400	12,400	34,029	21,629
Total revenues	4,396,920	4,396,920	4,797,476	400,556
Expenditures				
Current				
General government	751,841	751,841	826,960	(75,119)
Public safety	2,616,767	2,616,767	2,693,310	(76,543)
Roads and drainage	1,042,373	1,042,373	939,144	103,229
Depot welcome center	11,793	11,793	44,211	(32,418)
Sanitation	505,500	505,500	509,339	(3,839)
Health	35,500	35,500	32,834	2,666
Community development	97,249	97,249	51,095	46,154
Fleet maintenance	116,426	116,426	109,445	6,981
Capital outlay				
General government	12,000	12,000	6,256	5,744
Public safety	180,000	180,000	218,247	(38,247)
Roads and drainage	400,000	400,000	304,624	95,376
Total expenditures	5,769,449	5,769,449	5,735,465	33,984
Excess (Deficiency) of Revenues Over Expenditures	(1,372,529)	(1,372,529)	(937,989)	434,540
Other Financing Sources (Uses)				
Sales of general fixed assets	-	-	18,210	18,210
Operating transfers in	1,529,908	1,529,908	1,474,680	(55,228)
Operating transfers (out)	-	-	(184,887)	(184,887)
Total other financing sources (uses)	1,529,908	1,529,908	1,308,003	(221,905)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ 157,379	\$ 157,379	370,014	\$ 212,635
Fund Balance				
Beginning			6,126,558	
Ending			<u>\$ 6,496,572</u>	

CITY OF PORT ALLEN, LOUISIANA**Schedule of Revenues and Other Financing****Year Ended June 30, 2014****Sources - Budget and Actual****General Fund**

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Taxes				
Ad valorem	\$ 502,720	\$ 502,720	\$ 547,108	\$ 44,388
Franchise	311,000	311,000	364,047	53,047
Total taxes	813,720	813,720	911,155	97,435
Licenses and permits				
Business licenses and permits				
Professional and occupational	356,500	356,500	368,650	12,150
Total licenses and permits	356,500	356,500	368,650	12,150
Intergovernmental				
State shared revenues				
Alcoholic beverage tax	18,000	18,000	16,894	(1,106)
Streets	5,300	5,300	6,525	1,225
Operating grant				-
On behalf payments	177,000	177,000	132,700	(44,300)
West Baton Rouge Parish shared revenues				
General sales and use tax	2,475,500	2,475,500	2,771,259	295,759
Subpoena reimbursements	2,500	2,500	9,146	6,646
Total intergovernmental	2,678,300	2,678,300	2,936,524	258,224
Charges for services				
Public safety - protective inspection fees	18,000	18,000	15,026	(2,974)
Sanitation - refuse collection charges	415,000	415,000	410,922	(4,078)
Total charges for services	433,000	433,000	425,948	(7,052)
Fines and forfeitures	57,000	57,000	55,587	(1,413)
Investment earnings	46,000	46,000	65,583	19,583
Miscellaneous	12,400	12,400	34,029	21,629
Total revenues	4,396,920	4,396,920	4,797,476	400,556
Other Financing Sources				
Sales of general fixed assets	-	-	18,210	18,210
Operating transfers in	1,529,908	1,529,908	1,474,680	(55,228)
Operating transfers out	-	-	(184,887)	(184,887)
Total other financing sources	1,529,908	1,529,908	1,308,003	(221,905)
Total revenues and other financing sources	\$ 5,926,828	\$ 5,926,828	\$ 6,105,479	\$ 178,651

CITY OF PORT ALLEN, LOUISIANA**Schedule of Expenditures and Other Financing****Year Ended June 30, 2014****Uses - Budget and Actual****General Fund**

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Current				
General government				
Legislative				
Personal services	\$ 37,477	\$ 37,477	\$ 37,441	\$ 36
Judicial				
Personal services	104,776	104,776	114,648	(9,872)
Other services and charges	13,000	13,000	21,908	(8,908)
Executive				
Personal services	54,249	54,249	49,515	4,734
Administrative				
Personal services	253,139	253,139	284,221	(31,082)
Supplies	11,800	11,800	12,979	(1,179)
Other services and charges	277,400	277,400	306,248	(28,848)
Total general government	<u>751,841</u>	<u>751,841</u>	<u>826,960</u>	<u>(75,119)</u>
Public safety				
Police				
Personal services	1,453,131	1,453,131	1,311,202	141,929
Supplies	109,100	109,100	101,689	7,411
Other services and charges	155,200	155,200	159,216	(4,016)
Fire				
Personal services	868,375	868,375	1,090,627	(222,252)
Protective inspection				
Other services and charges	30,961	30,961	30,576	385
Total public safety	<u>2,616,767</u>	<u>2,616,767</u>	<u>2,693,310</u>	<u>(76,543)</u>
Roads and drainage				
Personal services	593,323	593,323	491,919	101,404
Supplies	56,150	56,150	81,279	(25,129)
Other services and charges	392,900	392,900	365,946	26,954
Total roads and drainage	<u>1,042,373</u>	<u>1,042,373</u>	<u>939,144</u>	<u>103,229</u>

CITY OF PORT ALLEN, LOUISIANA**Schedule of Expenditures and Other Financing****Year Ended June 30, 2014****Uses - Budget and Actual****General Fund, Continued**

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Depot Welcome Center				
Personal services	6,693	6,693	4,614	2,079
Supplies	200	200	448	(248)
Other services and charges	4,900	4,900	39,149	(34,249)
Total depot welcome center	11,793	11,793	44,211	(32,418)
Sanitation				
Other services and charges	505,500	505,500	509,339	(3,839)
Animal control				
Other services and charges	35,500	35,500	32,834	2,666
Community development				
Personal services	5,249	5,249	383	4,866
Other services and charges	92,000	92,000	50,712	41,288
Total community development	97,249	97,249	51,095	46,154
Fleet maintenance				
Personal services	106,976	106,976	92,572	14,404
Supplies	3,850	3,850	10,584	(6,734)
Other services and charges	5,600	5,600	6,289	(689)
Total fleet maintenance	116,426	116,426	109,445	6,981
Total current expenditures	5,177,449	5,177,449	5,206,338	(28,889)
Capital Outlay				
General government	12,000	12,000	6,256	5,744
Police	180,000	180,000	218,247	(38,247)
Roads and drainage	400,000	400,000	304,624	95,376
Total capital outlay expenditures	592,000	592,000	529,127	62,873
Total Expenditures	\$ 5,769,449	\$ 5,769,449	\$ 5,735,465	\$ 33,984

CITY OF PORT ALLEN, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Port Allen Fire Subdistrict No. 3 Fund

Year Ended June 30, 2014

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 1,266,765	\$ 1,266,765	\$ 1,469,716	\$ 202,951
Investment earnings	9,000	9,000	1,873	(7,127)
Miscellaneous	13,500	13,500	9,279	(4,221)
Total revenues	1,289,265	1,289,265	1,480,868	191,603
Expenditures				
Current				
Public safety				
Fire				
Supplies	70,096	70,096	73,000	(2,904)
Other services and charges	175,510	175,510	203,546	(28,036)
Capital outlay				
Public safety				
Fire	126,900	126,900	54,801	72,099
Total expenditures	372,506	372,506	331,347	41,159
Excess (Deficiency) of Revenues Over Expenditures	916,759	916,759	1,149,521	150,444
Other Financing Sources (Uses)				
Sale of General Fixed Asset				-
Operating transfers in	-	-	-	-
Operating transfers out	(1,127,164)	(1,127,164)	(1,346,585)	(219,421)
Total other financing sources (uses)	(1,127,164)	(1,127,164)	(1,346,585)	(219,421)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ (210,405)	\$ (210,405)	(197,064)	\$ (68,977)
Fund Balance				
Beginning			1,467,913	
Ending			\$ 1,270,849	

CITY OF PORT ALLEN, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Low Income Housing Fund**Year Ended June 30, 2014**

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 636,000	\$ 636,000	\$ 631,375	\$ (4,625)
Investment earnings	-	-	2	2
Total revenues	<u>636,000</u>	<u>636,000</u>	<u>631,377</u>	<u>(4,623)</u>
Expenditures				
Current				
Housing assistance payments	640,500	640,500	591,480	49,020
Total expenditures	<u>640,500</u>	<u>640,500</u>	<u>591,480</u>	<u>49,020</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,500)</u>	<u>(4,500)</u>	<u>39,897</u>	<u>44,397</u>
Other Financing Sources (Uses)				
Operating transfers out	-	-	(3,632)	(3,632)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3,632)</u>	<u>(3,632)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>\$ (4,500)</u>	<u>\$ (4,500)</u>	<u>36,265</u>	<u>\$ 40,765</u>
Fund Balance				
Beginning			<u>8,266</u>	
Ending			<u>\$ 44,531</u>	

CITY OF PORT ALLEN, LOUISIANA**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Improvements Fund****Year Ended June 30, 2014**

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Intergovernmental	\$ 32,000	\$ 32,000	\$ 28,916	\$ (3,084)
Investment earnings	1,000	1,000	294	(706)
Total revenues	33,000	33,000	29,210	(3,790)
Expenditures				
Current				
Administration	2,500	2,500	2,500	-
Total expenditures	2,500	2,500	2,500	-
Excess (Deficiency) of Revenues Over Expenditures	30,500	30,500	26,710	(3,790)
Other Financing Sources (Uses)				
Operating transfers out	(826,788)	(826,788)	(367,008)	459,780
Total other financing sources (uses)	(826,788)	(826,788)	(367,008)	459,780
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ (796,288)	\$ (796,288)	(340,298)	\$ 455,990
Fund Balance				
Beginning			714,495	
Ending			\$ 374,197	

CITY OF PORT ALLEN, LOUISIANA**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**
Municipal Complex Debt Service Fund**Year Ended June 30, 2014**

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Investment earnings	\$ 400	\$ 400	\$ 31	\$ (369)
Total revenues	400	400	31	(369)
Expenditures				
Debt service				
Principal	135,000	135,000	135,000	-
Interest and other charges	99,788	99,788	99,790	(2)
Total expenditures	234,788	234,788	234,790	(2)
Excess (Deficiency) of Revenues Over Expenditures	(234,388)	(234,388)	(234,759)	(371)
Other Financing Sources (Uses)				
Operating transfers in	234,788	234,788	234,757	(31)
Refunding bonds issued				-
Total other financing sources (uses)	234,788	234,788	234,757	(31)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ 400	\$ 400	(2)	\$ (402)
Fund Balance				
Beginning			256,934	
Ending			<u>\$ 256,932</u>	

CITY OF PORT ALLEN, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Fire Station Project Debt Service Fund**Year Ended June 30, 2014**

	Original Budget	Revised Budget	Actual	Variance - Favorable (Unfavorable)
Revenues				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Debt service				
Principal	50,000	50,000	50,000	-
Interest and other charges	139,256	139,256	136,423	2,833
Total expenditures	189,256	189,256	186,423	2,833
Excess (Deficiency) of Revenues Over Expenditures	(189,256)	(189,256)	(186,423)	2,833
Other Financing Sources (Uses)				
Operating transfers in	189,256	189,256	186,423	(2,833)
Total other financing sources (uses)	189,256	189,256	186,423	(2,833)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ -	\$ -	-	\$ -
Fund Balance				
Beginning			235,316	
Ending			<u>\$ 235,316</u>	

CITY OF PORT ALLEN, LOUISIANA

Schedule of Funding Progress for Other Postemployment Benefits Year Ended June 30, 2014

Year End *	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Payroll
6/30/2012	\$ -	\$ 1,602,243	\$ 1,602,243	0.00%	\$ 2,608,692	61%
6/30/2013	\$ -	\$ 1,602,243	\$ 1,602,243	0.00%	\$ 3,201,794	50%
6/30/2014	\$ -	\$ 1,602,243	\$ 1,602,243	0.00%	\$ 3,247,598	49%

* The date of the last actuarial valuation was July, 1, 2011.

CITY OF PORT ALLEN, LOUISIANA

Other Supplemental Information

June 30, 2014

CITY OF PORT ALLEN, LOUISIANA

Nonmajor Governmental Funds

June 30, 2014

Special Revenue Fund

Louisiana Community Development Block Grant Fund – The LCDBG Fund is used to account for the expenditure and subsequent reimbursement of funds received from the U.S. Department of Housing and Urban Development for improvements in areas of the City designated as lower socio-economic areas.

Capital Projects Funds

Capital Improvements Fund. This fund is used to account for Video Poker revenues. The City Council approves amounts to be transferred to other funds or expended through budget appropriation

Riverfront Capital Project Fund – This fund is operational through state and federal grants and private donations. The City Council approves amounts to be expended through budget appropriation.

Debt Service Fund

Municipal Complex Debt Service Fund – This fund is used to account for debt service on the new city hall. The City Council approves amounts to be transferred from other funds or expended through budget appropriation.

Fire Station Project Debt Service This fund is used to account for debt service on the new fire station. The Board of Commissioners approves amounts to be transferred from other funds or expended through budget appropriation.

CITY OF PORT ALLEN, LOUISIANA

Combining Balance Sheet

June 30, 2014

Nonmajor Governmental Funds

	Low Income Housing	Capital Improvements Fund	Riverfront Capital Project Fund	Municipal Complex Debt Service Fund	Fire Station Project Debt Service Fund	Totals
Assets						
Cash and cash equivalents	\$ 43,951	\$ 368,296	\$ 50,237	\$ -	\$ -	\$ 462,484
Restricted cash and cash equivalents	-	-	-	306,826	290,213	597,039
Due from other funds	580	-	-	-	626	1,206
Due from other governments	-	5,901	-	-	-	5,901
Total assets	\$ 44,531	\$ 374,197	\$ 50,237	\$ 306,826	\$ 290,839	\$ 1,066,630
Liabilities and Fund Balance						
Liabilities:						
Interest payable	\$ -	\$ -	\$ -	\$ 49,894	\$ 55,523	\$ 105,417
Total liabilities	-	-	-	49,894	55,523	105,417
Fund Balances:						
Restricted for:						
Welfare	44,531	-	-	-	-	44,531
Debt service	-	-	-	256,932	235,316	492,248
Committed to:						
Capital improvements	-	374,197	50,237	-	-	424,434
Total fund balances	44,531	374,197	50,237	256,932	235,316	961,213
Total Liabilities and Fund Balance	\$ 44,531	\$ 374,197	\$ 50,237	\$ 306,826	\$ 290,839	\$ 1,066,630

CITY OF PORT ALLEN, LOUISIANA

*Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds*

Year Ended June 30, 2014

	Low Income Housing	LCDBG	Capital Improvements Fund	Riverfront Capital Projects Fund	Municipal Complex Debt Service Fund	Fire Station Project Debt Service Fund	Totals
Revenues							
Intergovernmental	\$ 631,375	\$ -	\$ 28,916	\$ -	\$ -	\$ -	\$ 660,291
Investment earnings	2	-	294	-	31	-	327
Total revenues	631,377	-	29,210	-	31	-	660,618
Expenditures							
Current							
Welfare	591,480	-	-	-	-	-	591,480
Administration	-	-	2,500	-	-	-	2,500
Debt service							
Principal	-	-	-	-	135,000	50,000	185,000
Interest and other charges	-	-	-	-	99,790	136,423	236,213
Total expenditures	591,480	-	2,500	-	234,790	186,423	1,015,193
Excess (Deficiency) of Revenues Over Expenditures	39,897	-	26,710	-	(234,759)	(186,423)	(354,575)
Other Financing Sources (Uses)							
Operating transfers in	-	-	-	-	234,757	186,423	421,180
Operating transfers out	(3,632)	(5)	(367,008)	-	-	-	(370,645)
Total other financing sources (uses)	(3,632)	(5)	(367,008)	-	234,757	186,423	50,535
(Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	36,265	(5)	(340,298)	-	(2)	-	(304,040)
Fund Balance							
Beginning	8,266	5	714,495	50,237	256,934	235,316	1,265,253
Ending	\$ 44,531	\$ -	\$ 374,197	\$ 50,237	\$ 256,932	\$ 235,316	\$ 961,213

CITY OF PORT ALLEN, LOUISIANA***Schedule of Compensation Paid to City Council******Year Ended June 30, 2014***

<u>Council Member</u>	<u>Salary</u>
Brandon Brown	\$ 12,000
Garry Hubble	12,000
Ray Helen Lawrence	12,900
R. J. Loupe	12,000
Hugh Riviere	<u>12,000</u>
Total	<u>\$ 60,900</u>

CITY OF PORT ALLEN, LOUISIANA***Schedule of Expenditures of Federal Awards******Year Ended June 30, 2014***

	Federal CFDA Number	Grant ID No.	Program or Award Amount	Expenditures
Federal Grants/Program Title				
U.S. Department of Housing and Urban Development				
Section 8 Housing Choice Voucher Program	14.871	Section 8 Housing Vouchers	\$ 631,375	\$ 591,480
Passed through Louisiana Division of Administration				
Community Development Block Grant	14.228		23,488	24,921
			61,974	61,974

See Notes to Schedule of Expenditures of Federal Awards.

CITY OF PORT ALLEN, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards

June 30, 2014

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Port Allen, Louisiana and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF PORT ALLEN, LOUISIANA

Schedule of Insurance in Force

Year Ended June 30, 2014

CNA Surety Co	Fidelity Bond - Mayor-R. Lee	\$50,000 employee faithful performance bond	1/1/13-1/31/17
CNA Surety Co	Fidelity Bond - Finance Director-A. McCain	\$50,000 employee faithful performance bond	1/1/13-1/31/17
CNA Surety Co	Fidelity Bond - Chief Admn Officer-A. Genre	\$50,000 employee faithful performance bond	1/1/13-1/31/17
CNA Surety Co	Fidelity Bond - Police Chief-E. Brown	\$50,000 employee faithful performance bond	1/1/13-1/31/17
Louisiana Municipal Risk Management Agency	Workers Compensation	Statutory	1/1/14-12/31/14
Essex Insurance Co	Auto physical damage	ACV with a \$250 comprehensive deductible and a \$500 collision deductible	1/1/14-1/1/15
American Alternative Insurance Corp	Auto liability, uninsured motorist, comp and collision; general liability; cyber liability	\$1,000,000 liability, UM, Comp & Collision; general liability \$1,000,000/2,000,000; cyber liability \$1,000,000	7/1/13-7/1/14
EMC Insurance Co	Business Protection - Inland Marine	\$256,000 maximum w/ \$1,000 deductible	1/1/14 - 1/1/15
American Alternative Insurance Corp	Business Protection - Property & Inland Marine	2616 Court St: building \$697,895, contents \$92,369, garage \$142,413; 5080 Rosedale Road: building \$166,371; 700 N Alexander: building \$1,606,438, contents \$150,911; money \$10,000; software \$250,000	7/1/13-7/1/14
EMC Insurance Co	Business Protection - Property & Inland Marine	750 N Jeff Ave: building \$395,900, contents \$80,000; DPW buildings \$293,800, contents \$457,000; Wastewater Plant buildings \$47,200, contents \$18,000; Water Well buildings \$94,200; Depot building \$82,700, walkway \$50,000; City Court contents \$5,000; City Hall: building \$2,500,000; contents \$90,000; 90% Co-Insurance. \$1,000 deductible per occurrence on all covered losses except 5% on Windstorm or Hail	11/3/13 - 11/3/14
Louisiana Municipal Risk Management Agency	Auto & Commercial General liability, Errors and Omissions, Law Enforcement Officer	All risks \$500,000 Combined Single Limit	7/1/13-6/30/14

CITY OF PORT ALLEN, LOUISIANA***Schedule of Statistical Data******Year Ended June 30, 2014***

Number of sewer customers for the year ended June 30, 2014	2,235
User fee in effect at June 30, 2014:	
First 3,000 gallons of water used	19.62
Every 1,000 gallons of water in excess of 3,000 gallons	2.61
Total sewer revenue	\$ 864,176
Average monthly bill per user	32.22

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

To the Honorable Mayor and Members of the City Council
City of Port Allen, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Port Allen, Louisiana as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Port Allen, Louisiana's basic financial statements, and have issued our report thereon dated January 16, 2015. Our report includes a reference to other auditors who audited the financial statements of The City Court of Port Allen, as described in our report on City of Port Allen, Louisiana's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by that auditor.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Port Allen, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Port Allen, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Port Allen, Louisiana's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying *schedule of findings*, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that

there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses 2014-1, 2014-2 and 2014-3.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Port Allen, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2014-4, 2014-5 and 2014-6.

We noted certain matters that we have reported to management of City of Port Allen, Louisiana in a separate letter dated January 27, 2015.


City of Port Allen's Response to Findings

The City of Port Allen, Louisiana's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Port Allen, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PROVOST, SALTER, HARPER & ALFORD, LLC



January 27, 2015

**Independent Auditor's Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance in Accordance with OMB
Circular A-133**

To the Honorable Mayor and Members of the City Council
City of Port Allen, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the City of Port Allen, Louisiana's, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Port Allen's major federal programs for the year ended June 30, 2014. The City of Port Allen, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Port Allen, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Port Allen, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Port Allen, Louisiana's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Port Allen, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the City of Port Allen, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Port Allen, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Port Allen, Louisiana's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

PROVOST, SALTER, HARPER & ALFORD, LLC

Provost, Salter, Harper & Alford, LLC

January 27, 2015

CITY OF PORT ALLEN, LOUISIANA***Schedule of Findings and Responses******Year Ended June 30, 2014*****Section I – Summary of Auditor’s Results****Financial Statements.**

Type of auditor’s report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness identified?	<u>Yes</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Noncompliance material to financial statements noted?	<u>Yes</u>

Federal Awards.

Internal Control over major programs:	
Material weakness identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Type of auditor’s report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, § 510(a)?	<u>No</u>
Identification of <u>major programs</u> :	

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>14.871</u>	<u>Section 8 Housing</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low risk auditee?	<u>Yes</u>

CITY OF PORT ALLEN, LOUISIANA

Schedule of Findings and Responses

Year Ended June 30, 2014

Section II – Financial Statement Findings

Internal Control Findings

Item 2014-1 Utility Department Final Billed Receivables

Criteria. All accounts should be monitored and balances due collected currently.

Condition. Utility accounts that have been final billed are not monitored adequately and are not pursued for collection.

Effect. Amounts due the City have not been collected.

Cause. When a customer moves they are issued a final bill but no follow up is done to be certain the bill is paid. The same customer may have service at another location in the City but the final bill from their previous address is not collected.

Recommendation. Management should review procedures to insure timely collection of customers who have been final billed.

Management's Response. Management agrees and we will review these items and take corrective action.

Item 2014-2 Accounts Payable Processing

Criteria. Personnel who process accounts payable should not have access to vendor master files.

Effect. Expenditures could potentially be processed and paid to unauthorized vendors.

Cause. The accounts payable clerk has access to vendor master files and also processed accounts payable.

Recommendation. The vendor master files should be controlled and updated by someone independent of the person who processes accounts payable.

Management's Response. Management agrees and will restrict access to vendor master files from accounts payable personnel.

CITY OF PORT ALLEN, LOUISIANA

Schedule of Findings and Responses

Year Ended June 30, 2014

Item 2014-3 Bank Reconciliations

Criteria. Personnel who process transactions should not prepare bank reconciliations.

Effect. Irregularities could occur and not be detected.

Cause. The CFO prepared journal entries and has overall responsibility for the general ledger and also prepares bank reconciliations.

Recommendation. Someone independent of general ledger processing should prepare and approve bank reconciliations.

Management's Response. We have assigned responsibility for bank reconciliations to the payroll clerk, except the payroll account which will be reconciled by the CFO and all reconciliations will be reviewed and approved by the mayor.

Compliance Findings

Item 2014-4 Failure to Comply with State Law regarding timely adoption of a budget

Criteria. RS 39:1309 requires that "All action necessary to adopt and otherwise finalize and implement the budget for a fiscal year shall be taken in open meeting and completed before the end of the prior fiscal year."

Condition. The historical policy of the City of Port Allen has been to introduce a budget in May and adopt it in June. Because of political differences the City Council did not adopt a budget for the fiscal year ended June 30, 2014 until January 8, 2014.

Effect. Without a budget ordinance being approved the City is only allowed to spend 50% of the prior year budget.

Recommendation. A budget ordinance needs to be approved prior to the end of the fiscal year.

Management's Response: In the future we expect to comply with the state law.

CITY OF PORT ALLEN, LOUISIANA

Schedule of Findings and Responses

Year Ended June 30, 2014

Item 2014-5 Failure to Comply with State Law regarding timely submission of audited financial statements

Criteria. Within six months of the last day of each fiscal year, a certified public accounting firm approved by the legislative auditor and accounts shall audit the financial records of the City and submit the report to the legislative auditor.

Condition. During the current year, the audited financial statements were issued after the six month deadline. The City's CFO was diagnosed with cancer and had to take time off for treatment.

Effect. The City failed to comply with the statute regarding timely completion of their audit report which wasn't submitted until January 2015.

Recommendation. We recommended that all future reports be submitted timely as required by the state law.

Management's Response: In the future we expect to comply with the state law.

Item 2014-6 Failure to Comply with Bond Covenant

Criteria. The City has covenants in its bond obligations that have to be met.

Condition. The condition is such that the City is not in compliance with the covenants and could be subject to unfavorable action by the bond holder.

Effect. The City is required to make monthly deposits in the sinking fund and to pay bond principal and interest when due.

Recommendation. Management should make all deposits monthly as required.

Management's Response: We began complying with this covenant in January, 2014.

Section III – Federal Award Findings

There were no findings related to federal awards.

CITY OF PORT ALLEN, LOUISIANA

Schedule of Findings and Responses

Year Ended June 30, 2014

Section IV – Independent Auditor’s Comments on Resolution of Prior Audit Findings

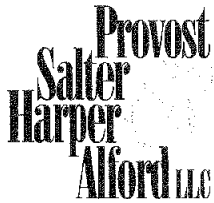
Prior year finding 2013-1 related to utility late fees was corrected in the current year.

Prior year finding 2013-2 related to improper expenditures. This was corrected in the current year.

Prior year finding 2013-3 related to violation of bond covenants. This was not corrected until January, 2014 as noted above.

Prior year finding 2013-4 related to failure adopt a budget in a timely manner. This is repeated in the current year as finding 2014-4.

Prior year finding 2013-5 related a violation of the local ordinance regarding hiring personnel. This was corrected in the current year.



Certified
Public
Accountants

Business
Advisors

January 27, 2015

Members of the City Council
City of Port Allen, Louisiana

In planning and performing our audit of the financial statements of City of Port Allen Louisiana for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

We previously reported on the City's internal control in our letter dated January 27, 2015 which contains our communication of material weaknesses in the City's internal control. This letter does not affect our report dated January 27, 2015, on the financial statements of City of Port Allen Louisiana. The following summarizes our comments and suggestions on the current status of matters noted in our communication to you dated December 23, 2013.

This report is intended solely for the use of the Mayor, City Council and management, the Office of the Louisiana Legislative Auditor, and any cognizant agencies, and is not intended and should not be used for any other than these specified parties. However, under the provisions of the Louisiana Revised Statute 24:513, this report is distributed by the legislative auditor as a public document and its distribution is not limited.

Respectfully submitted,


Provost, Salter, Harper & Alford, LLC

CITY OF PORT ALLEN, LOUISIANA
MANAGEMENT LETTER COMMENTS-PRIOR YEAR
FOR THE YEAR ENDED JUNE 30, 2013

Legal Fees

Finding:

During the prior year audit we noted that the City had paid and been billed by several law firms for representing the former Mayor in civil court. We noted that in his judgment on July 31, 2013, Judge Alvin Batiste, Jr. enjoined and prohibited the Mayor from paying lawyers with funds belonging to the City of Port Allen unless and until she was granted authority provided in Louisiana Revised Statutes 33:386(C).

Recommendation:

We recommended that the City Council review the items that have been paid and determine whether to pursue restitution from the former Mayor and procedures should be established to insure that all legal fees are reviewed and approved by the City Council prior to payment.

Current Status:

The City Council has not sought restitution for fees already paid and determined it is not in the interest of the City to pursue the matter, and procedures have been implemented to ensure all legal fees are specifically authorized and approved by the City Council as per its resolution adopted at the regular meeting of June 12, 2013.